

The Global Economic Outlook: Darkness Before Dawn

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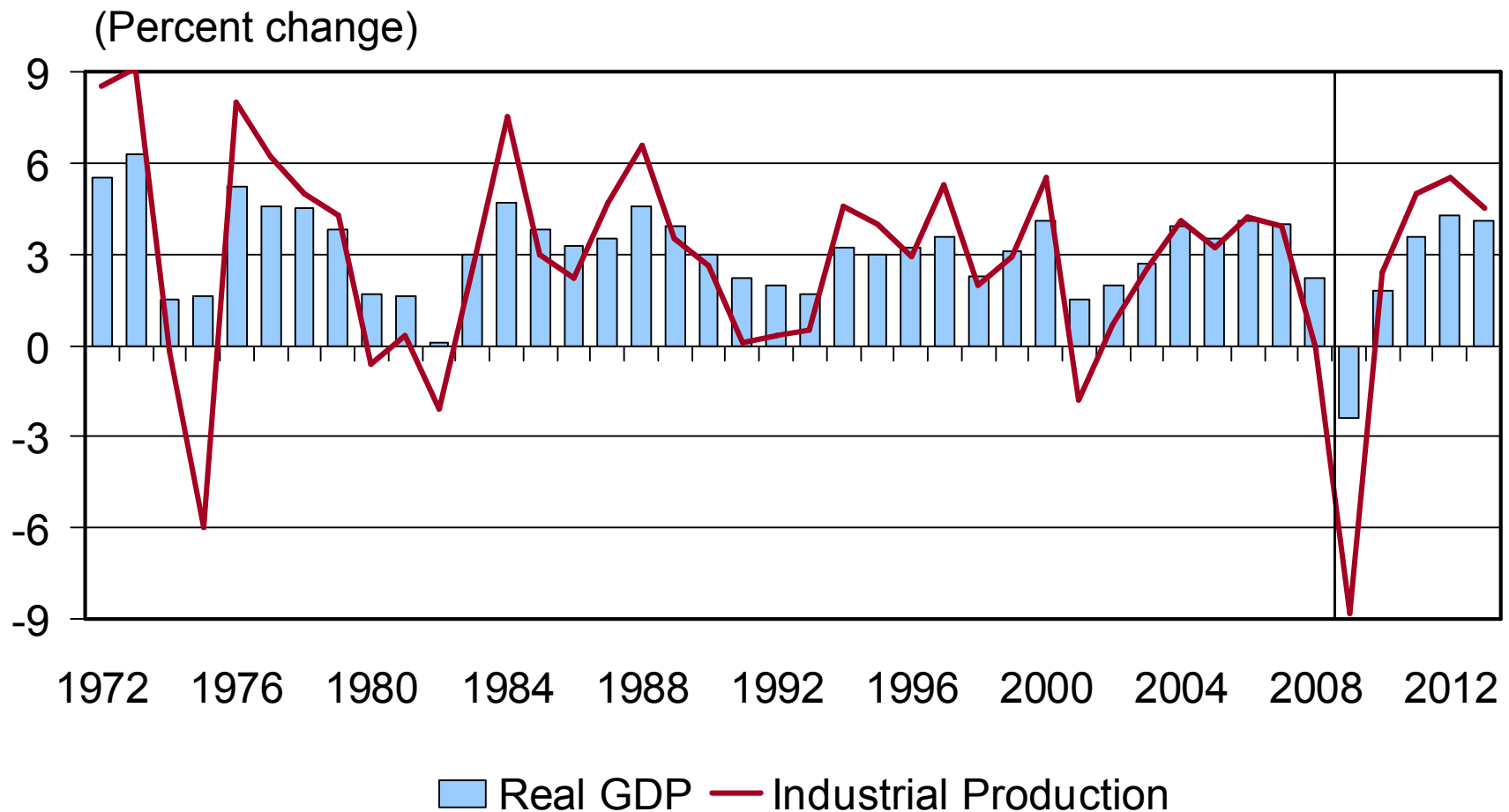
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The Worst Global Recession in the Postwar Era

- Globalization of trade and capital flows has increased business cycle synchronization and volatility
- The global economy's precipitous decline will abate, but recovery is still a year away
- Aggressive monetary and fiscal stimuli will help to stabilize financial markets and revive economic growth
- Bottom Line: a deep recession in 2009, modest recovery in 2010, and a stronger rebound in 2011-12

The World Economy Faces the Worst Recession of the Postwar Era

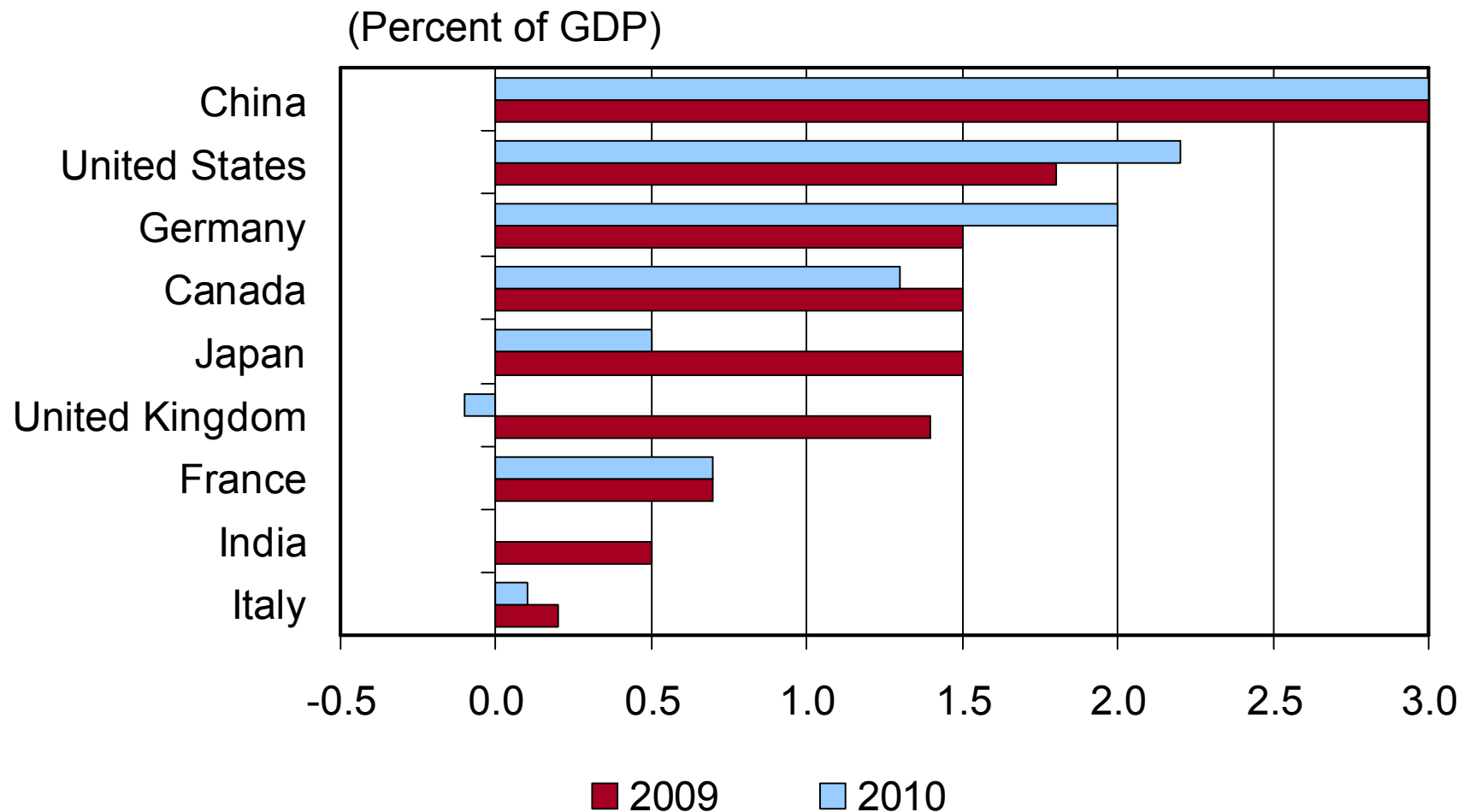


Global Transmission of the Financial Crisis

- International Capital Flows
- Goods and Services Trade
- Stock Markets
- Commodity Prices
- Exchange Rates
- Business Profits
- Remittances

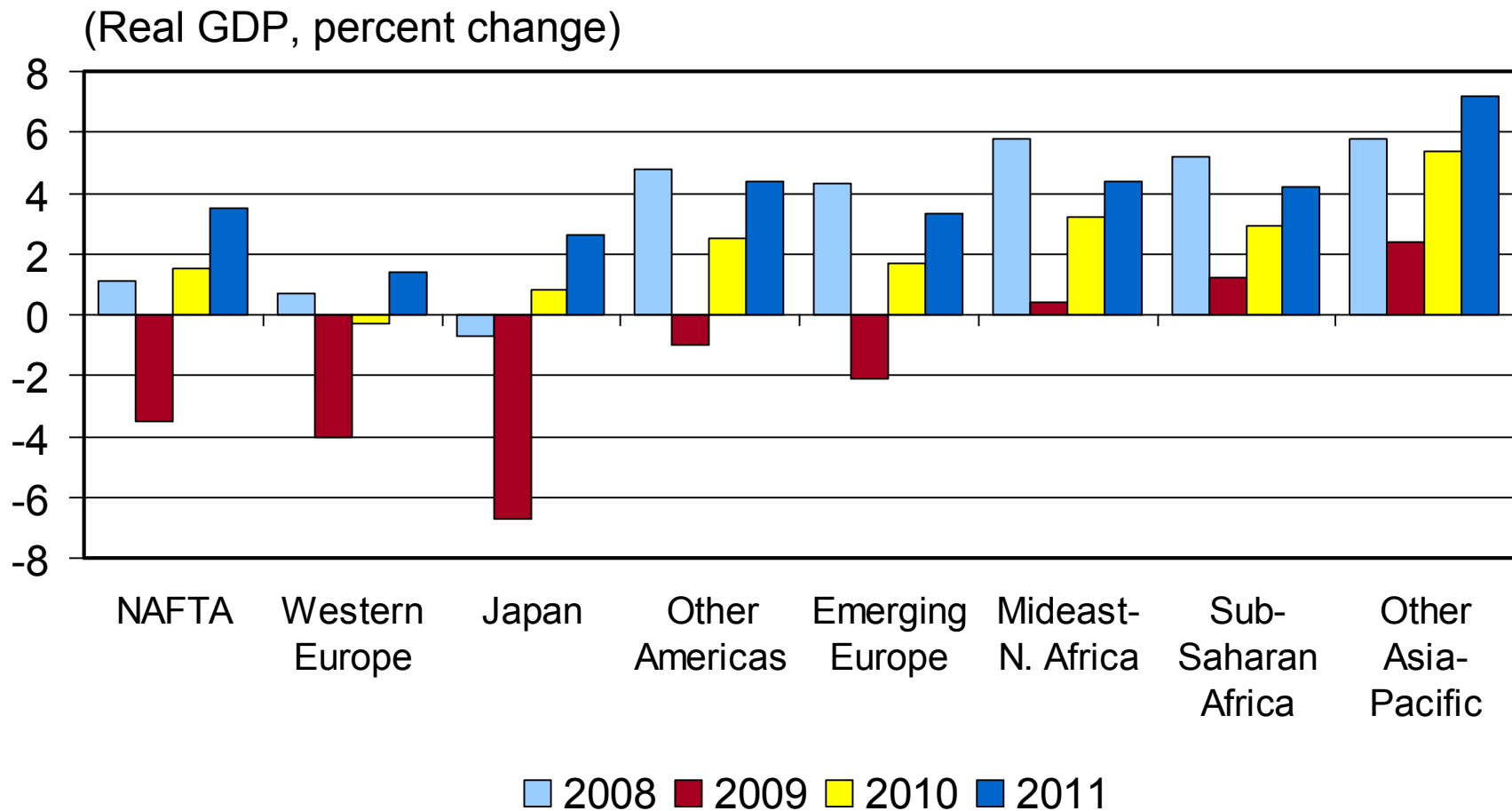


Fiscal Stimulus in 2009 and 2010

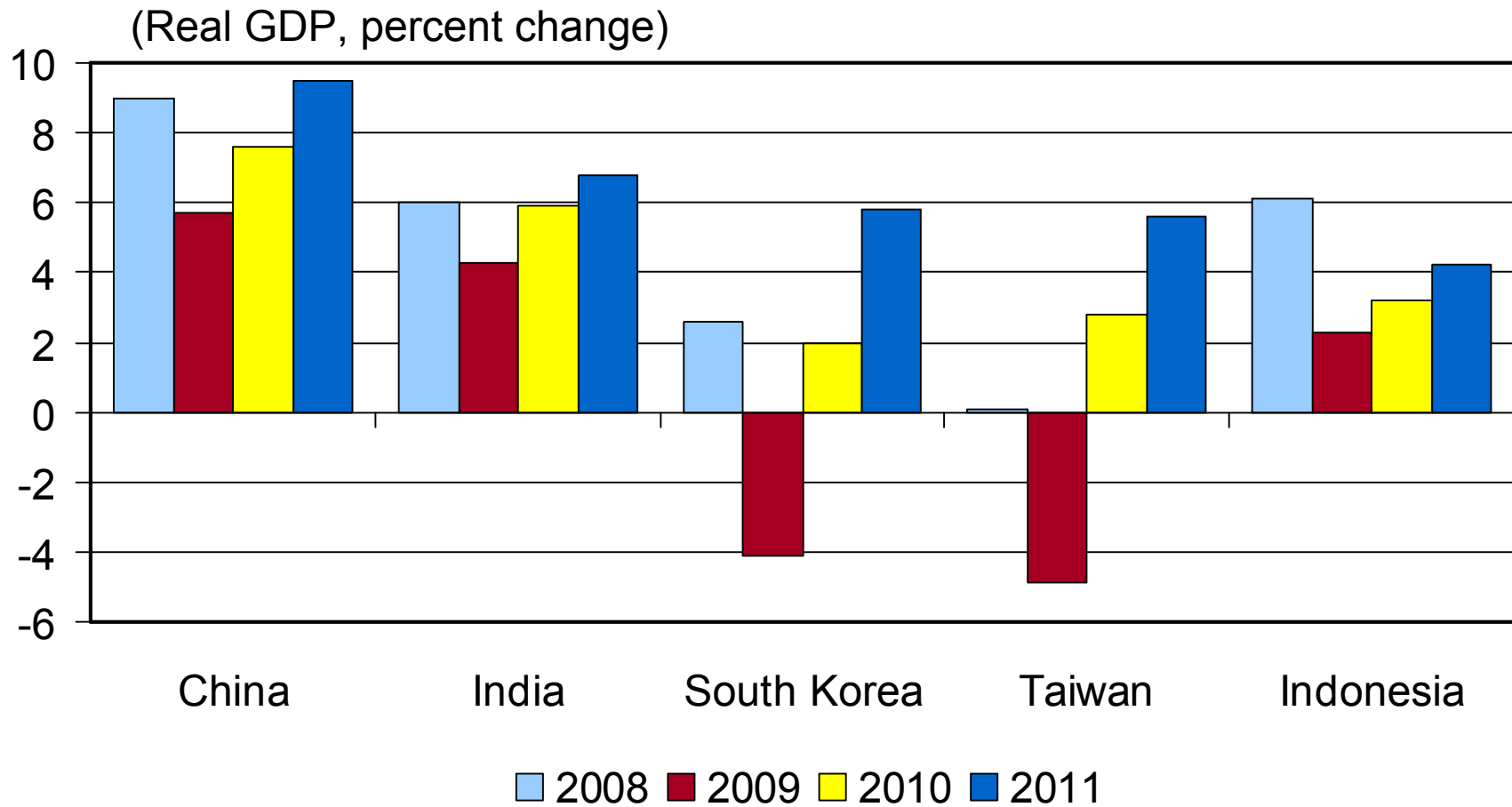


Sources: IHS Global Insight, International Monetary Fund

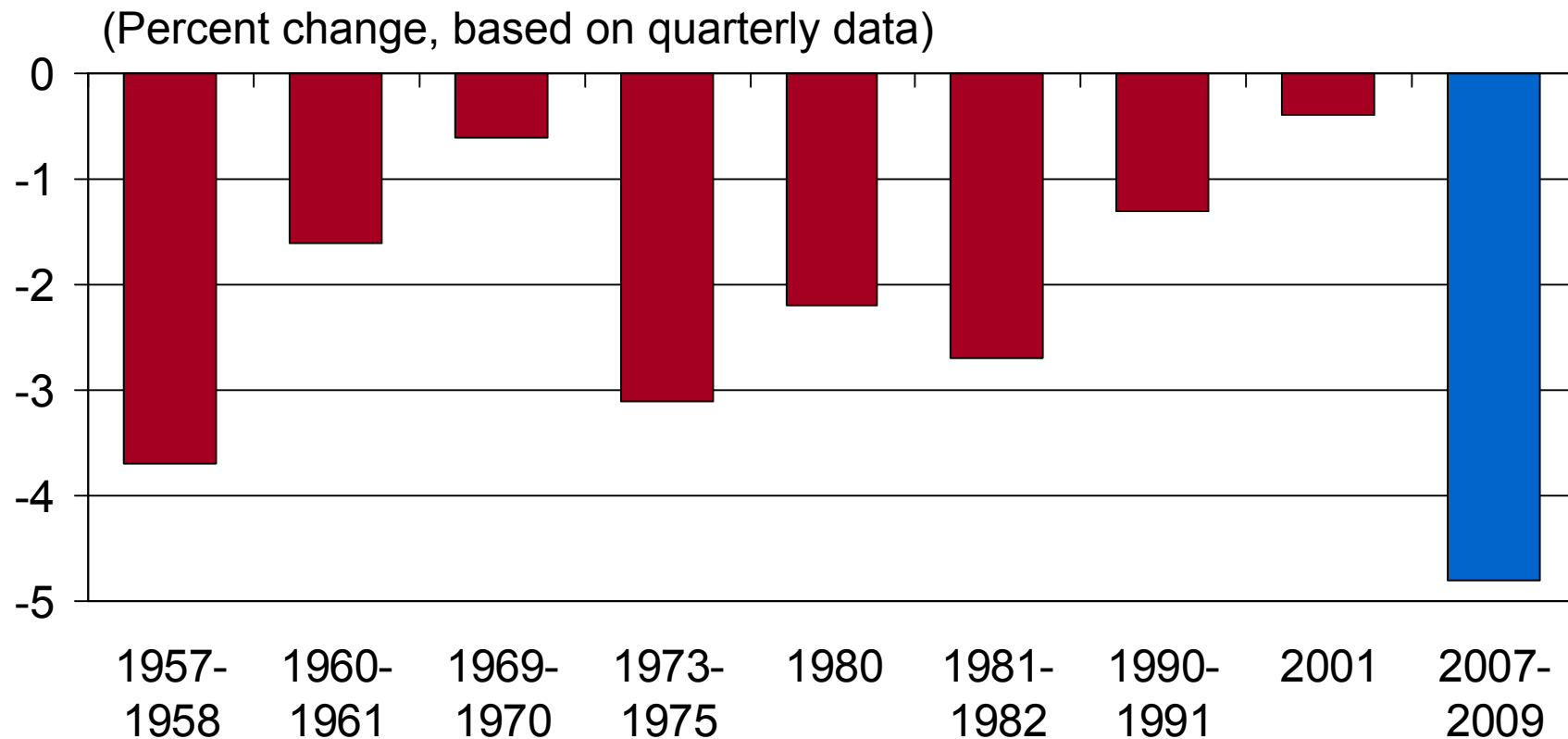
Economic Growth Weakens Across Regions



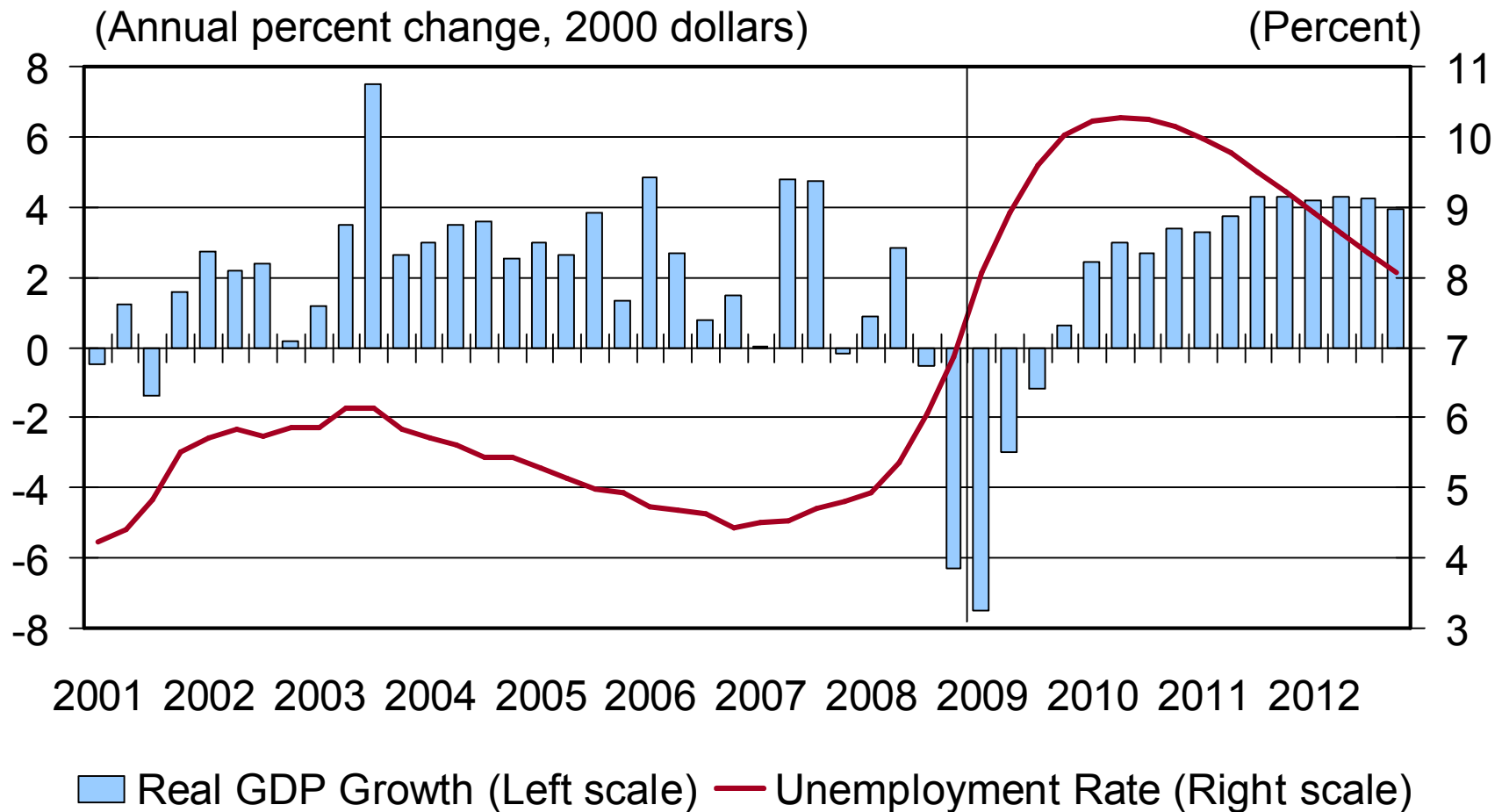
China and India Will Drive Asia's Growth



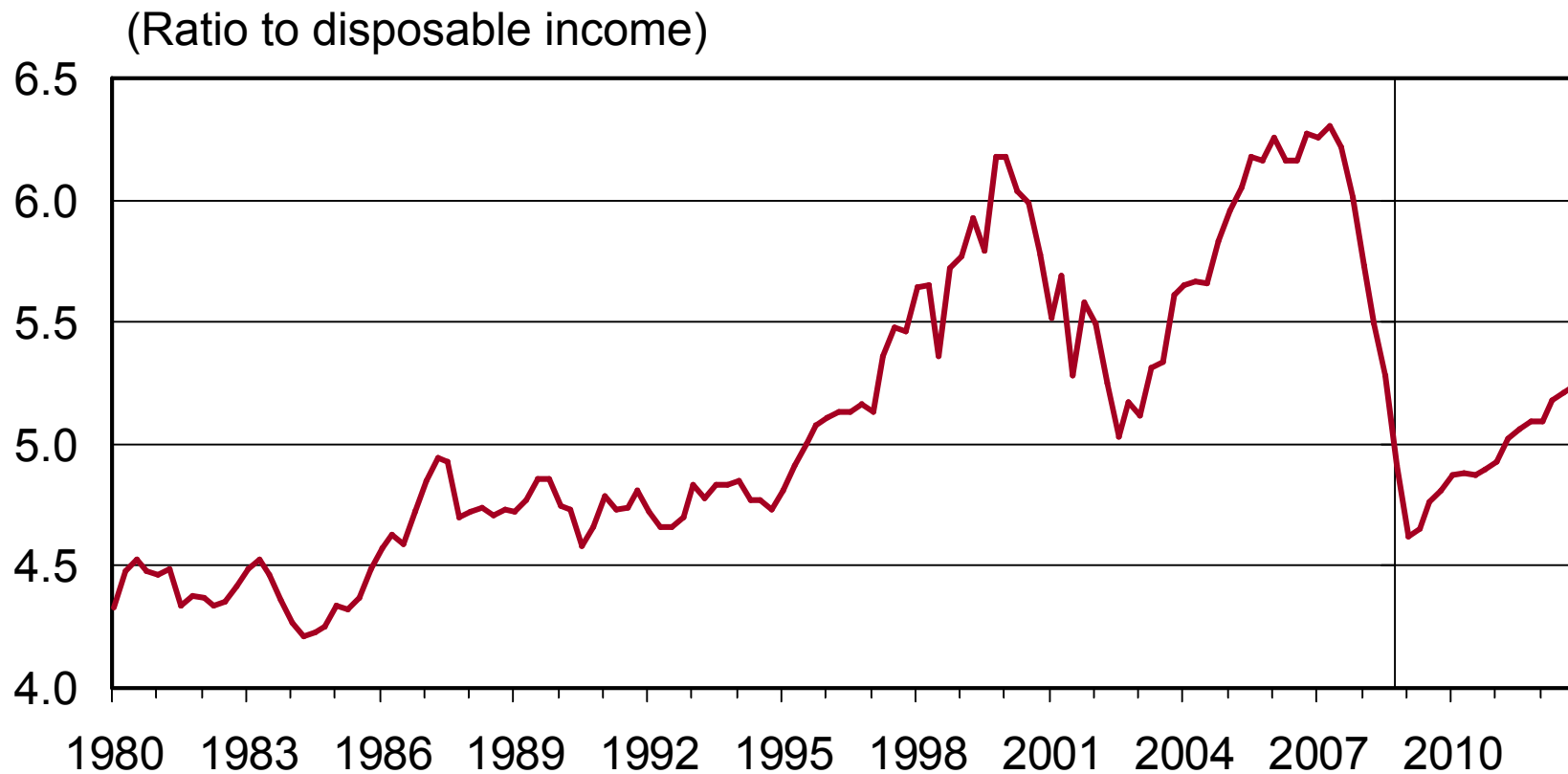
A Comparison of U.S. Recessions: Peak-to-Trough Declines in Real GDP



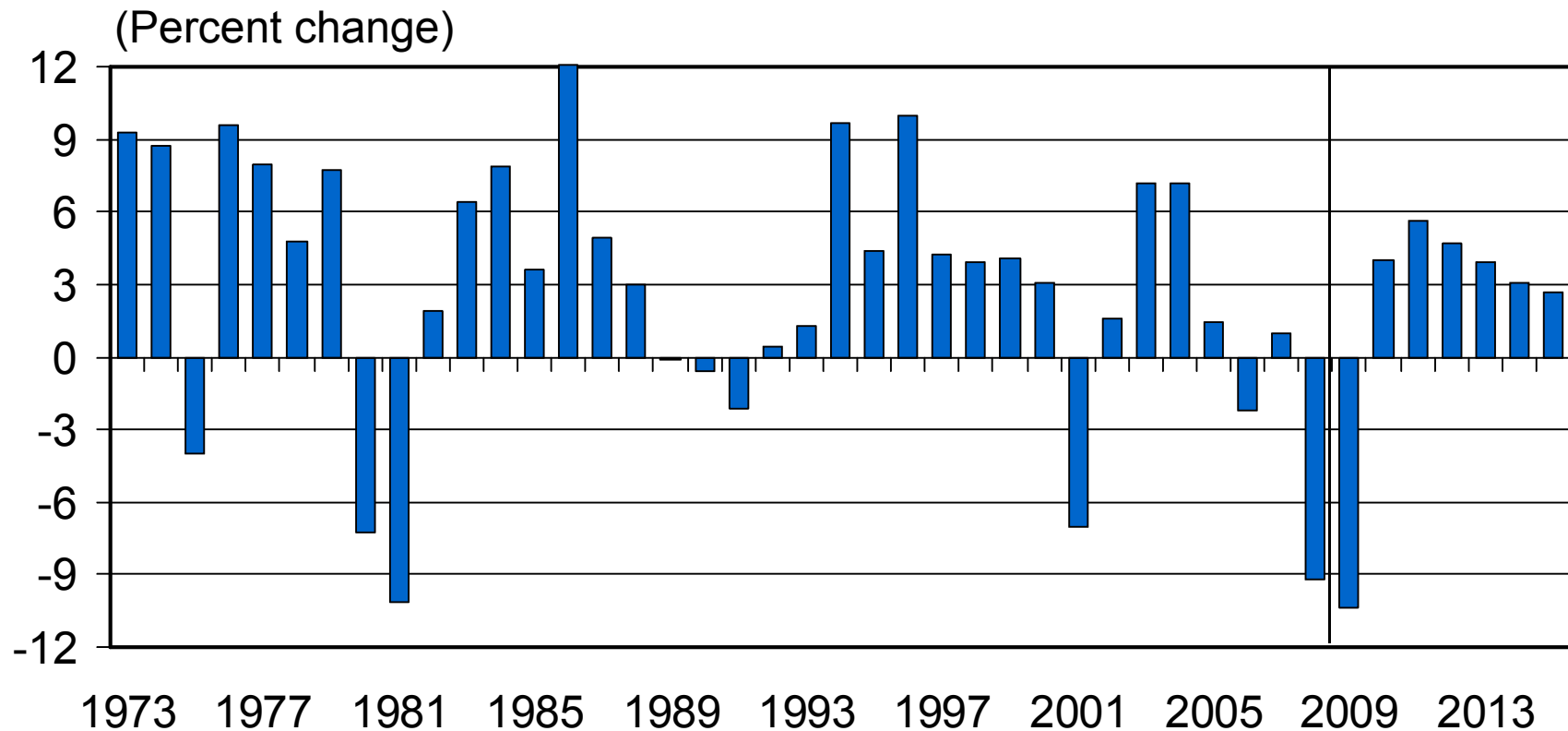
The U.S. Economy Will Stabilize in Late 2009 and Recover in 2010



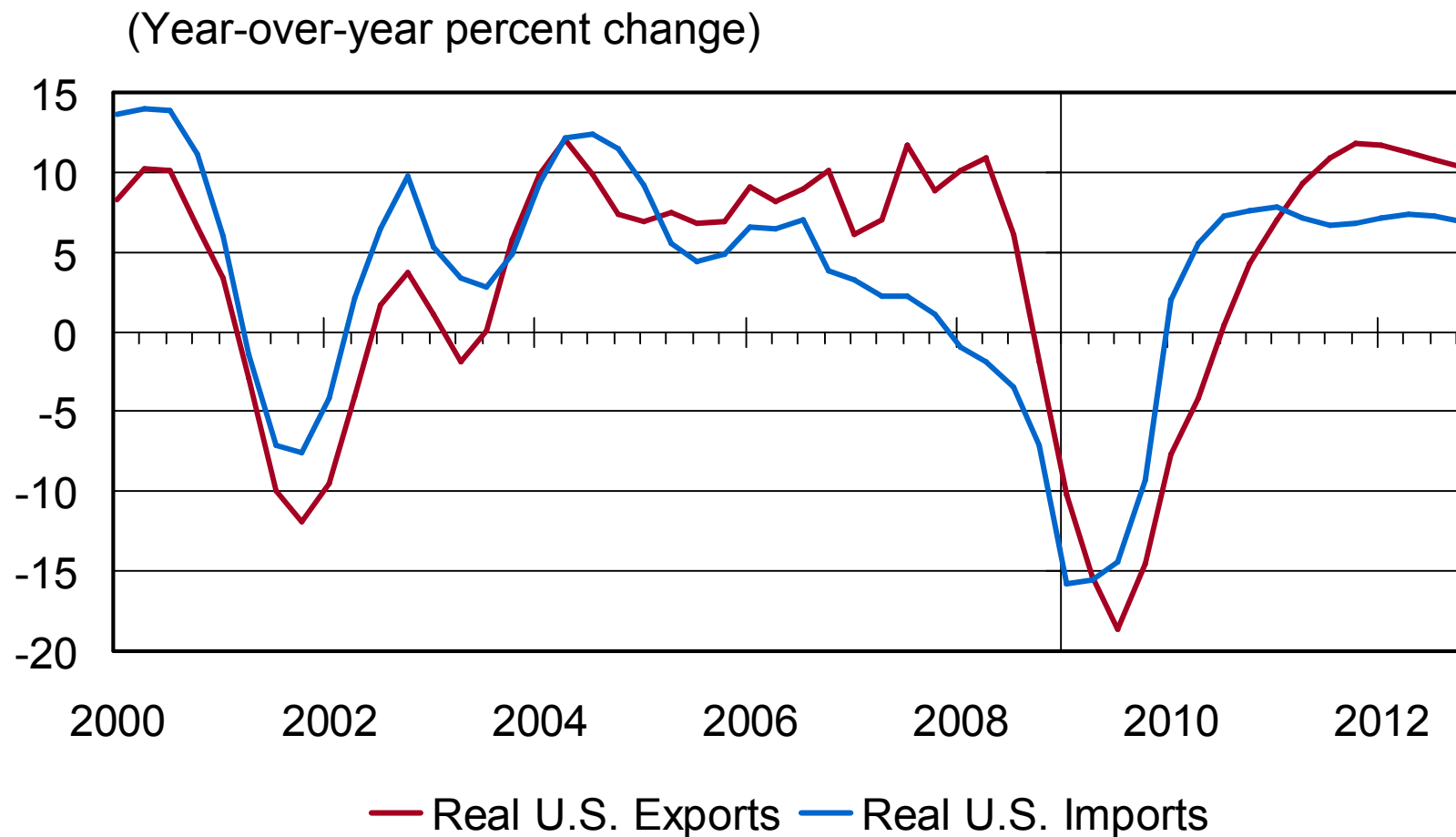
Falling Stock Prices and Home Prices Have Eroded Household Net Worth



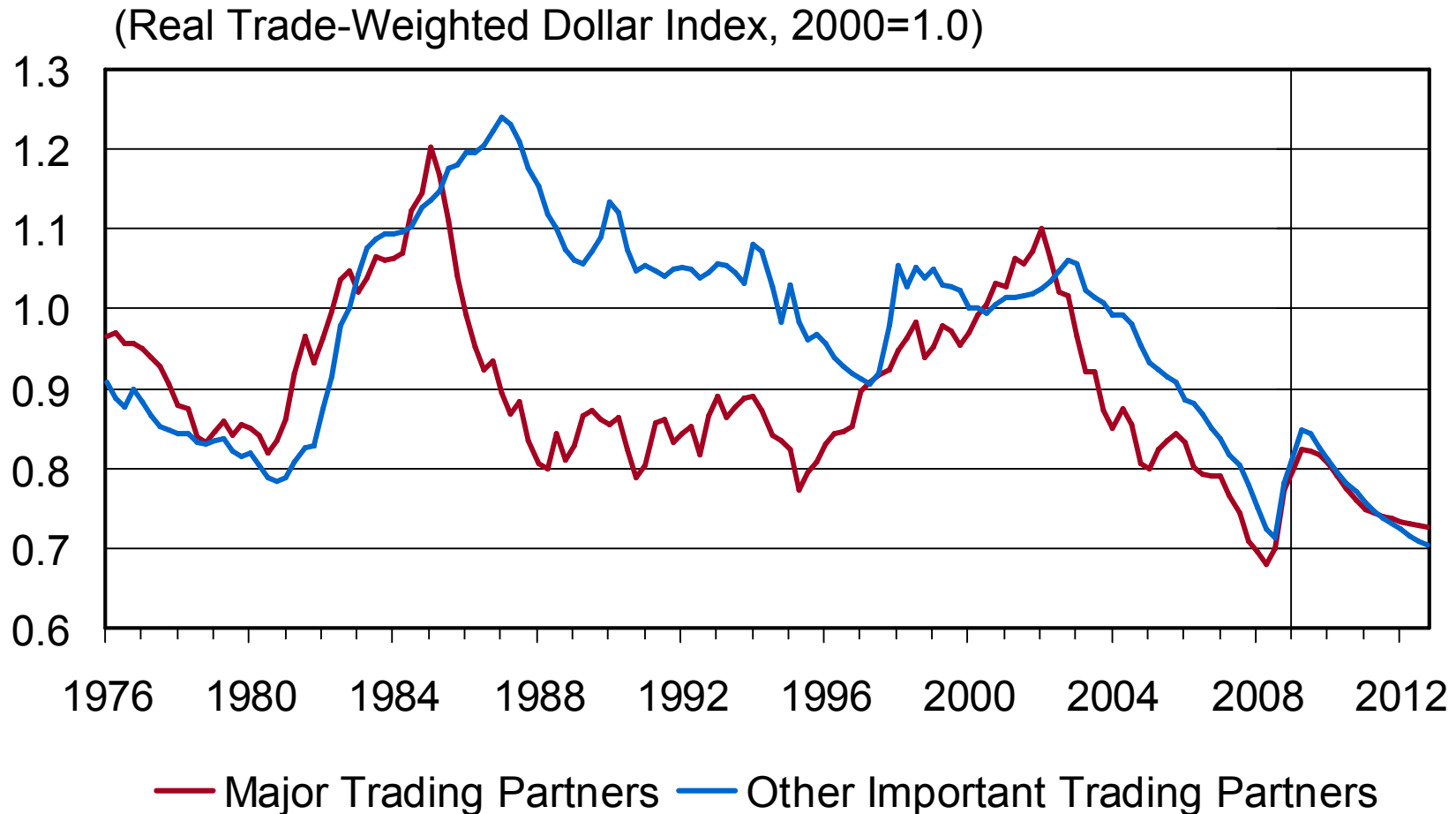
A Sharp Decline in Real U.S. Consumer Spending on Intercity Transportation Services



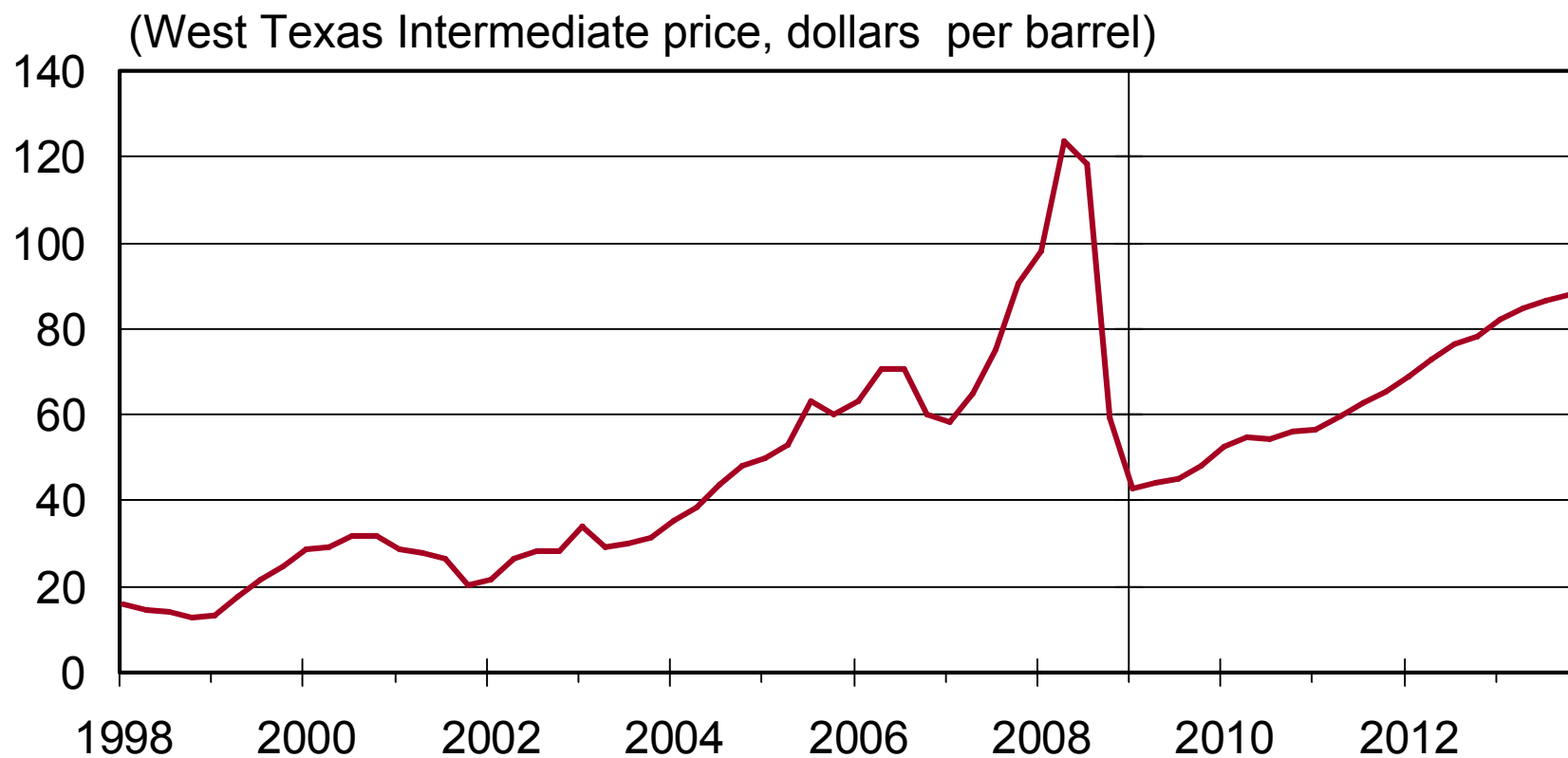
U.S. Goods and Services Trade Is Plunging



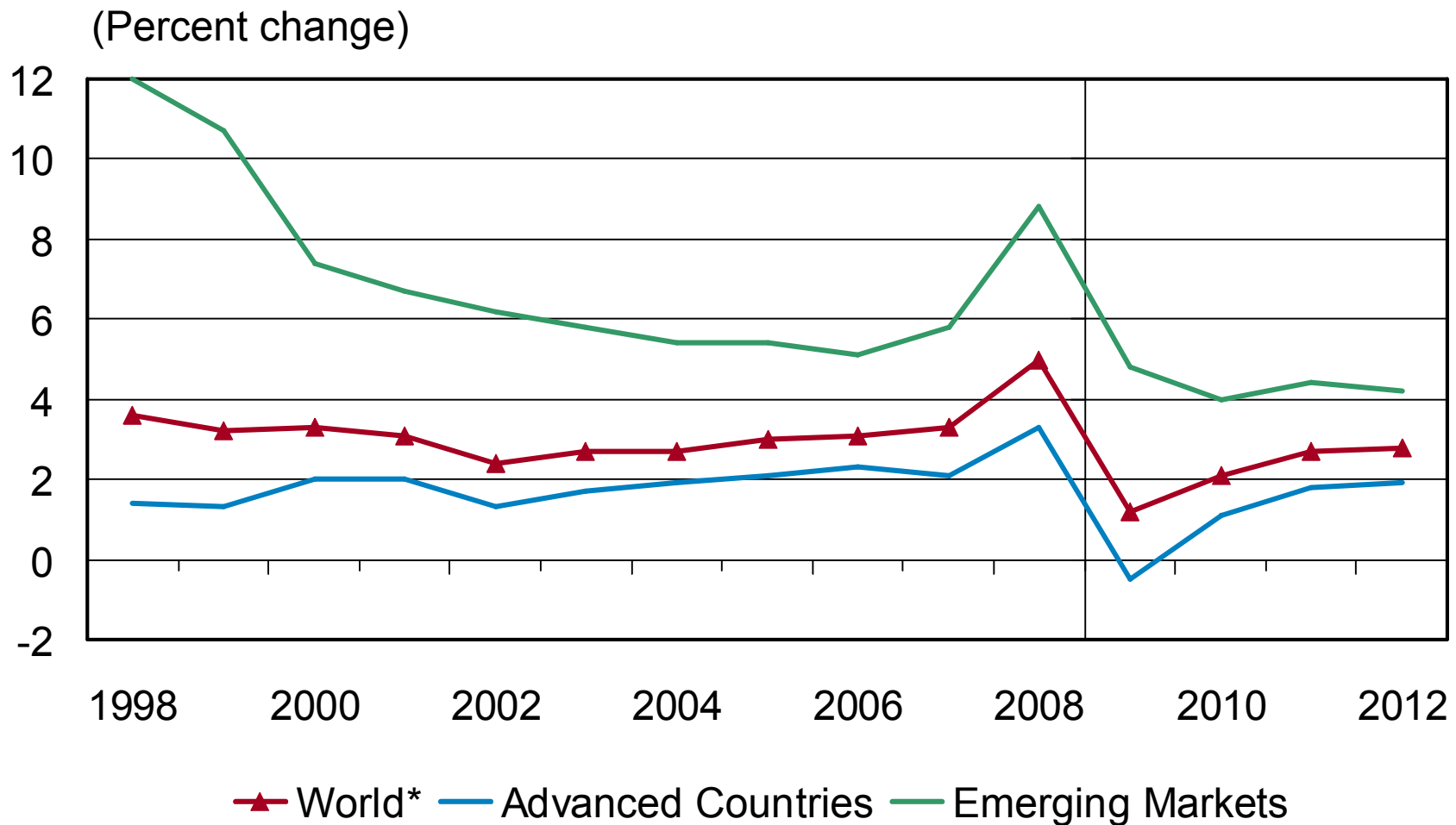
The U.S. Dollar's Depreciation Resumes



Crude Oil Prices Will Gradually Recover



After Spiking in 2008, Consumer Price Inflation Subsides in 2009



* Excluding Zimbabwe

Thank you!

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